

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: IOWA TELECOMMUNICATIONS SERVICES, INC., d/b/a IOWA TELECOM	DOCKET NO. SPU-02-9
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**ORDER ESTABLISHING PROCEDURAL SCHEDULE
AND SHORTENING TIME FOR RESPONSES**

(Issued July 12, 2002)

On June 28, 2002, Iowa Telecommunications Services, Inc., d/b/a Iowa Telecom (Iowa Telecom), filed with the Utilities Board (Board) a request for approval to disconnect access services being provided to WorldCom, Inc. (WorldCom). Iowa Telecom alleges that Section 2.4.1(A) of its intrastate access services tariff, Iowa Tariff No. 2, authorizes Iowa Telecom to require that WorldCom pay a deposit to secure payment for the access services provided to WorldCom whenever Iowa Telecom has sufficient information to reasonably believe that the prospect of due and punctual payment is impaired, while Section 2.1.8(A) authorizes Iowa Telecom to discontinue providing service to WorldCom in the event WorldCom refuses to pay a deposit. Iowa Telecom further alleges it has sufficient information to reasonably believe WorldCom's prospects for payment are impaired and has demanded a deposit, but WorldCom has refused to pay, so Iowa Telecom seeks Board authorization to discontinue providing access services to WorldCom.

On July 2, 2002, the Board docketed the request for investigation pursuant to Iowa Code § 476.20 and, in the alternative, § 476.11 (2002) and ordered that WorldCom file its answer to the request on or before July 5, 2002.

Also on July 2, 2002, Iowa Telecom filed an amendment to its request, stating it had additional information supporting its belief that the prospect of due and punctual payment by WorldCom is impaired. Iowa Telecom states that Section 2.4.1(D) of its tariff requires payment of bills for access services in "immediately available funds." Iowa Telecom alleged that WorldCom's most recent payment failed to satisfy that requirement.

WorldCom filed a resistance to Iowa Telecom's request and a motion to dismiss the request on July 5, 2002. WorldCom argues that Iowa Telecom does not have sufficient information to support a reasonable belief that the prospect of WorldCom's due and punctual payment for access services is impaired. WorldCom specifically disputes the conclusions that Iowa Telecom draws from several of the factual allegations. WorldCom also argues that the language of Iowa Telecom's tariff is ambiguous and should be construed to find that Iowa Telecom does not have a reasonable basis for requesting a deposit from WorldCom.

WorldCom also argues that Iowa Telecom's request is contrary to Iowa law, contrary to Iowa Telecom's own tariff, impractical due to the lack of an adequate plan for implementation, needlessly extreme, and contrary to public policy. WorldCom suggests Iowa Telecom's request should be dismissed as a matter of law.

On July 8, 2002, Iowa Telecom filed a response to WorldCom's resistance, arguing that the principal facts relied upon by Iowa Telecom in support of its demand

for a deposit cannot be denied and fully support Iowa Telecom's request. Iowa Telecom also states that if the Board has concerns about the process that will be used to notify WorldCom's customers in the event service is disconnected, Iowa Telecom is willing to work with Board staff, pursuant to Board order, to give notice to affected customers.

The Board will set this matter for hearing on an expedited schedule. Clearly, there is a fact issue regarding the question of whether Iowa Telecom has sufficient information to reasonably believe that the prospect of due and punctual payment from WorldCom is impaired. Furthermore, the Board is concerned about the potential impact of any disconnection on the Iowa Telecom local exchange customers who have chosen WorldCom to provide their intrastate interexchange services. The Board notes that Iowa Code § 476.96 includes access to switched exchange services as a part of the basic local telephone service that Iowa Telecom is obligated to provide to its customers. If Iowa Telecom discontinues providing intrastate access services to WorldCom, then those customers will not have access to switched interexchange, intrastate services, at least on a "1+" basis. Thus, Iowa Telecom's proposal to discontinue service to WorldCom is also a proposal to reduce the level of local exchange service provided by Iowa Telecom to its customers who have presubscribed to WorldCom's intrastate interexchange service. The Board will not approve that change without first considering the potential impact on the public interest.

At the same time, it is clear that Iowa Telecom should not be expected to provide access services to WorldCom if it is not going to be paid for those services,

and it may in fact be reasonable to require a deposit or even discontinue service to WorldCom. Whether that is the case at this time, and if so, what should be done, are questions the Board can only answer after a hearing.

IT IS THEREFORE ORDERED:

1. The following procedural schedule is established for this proceeding:
 - a. Iowa Telecom shall file its prepared direct testimony, with supporting exhibits and workpapers, on or before July 22, 2002.
 - b. WorldCom and any interveners shall file rebuttal testimony, with supporting exhibits and workpapers, on or before August 2, 2002.
 - c. A hearing for the purpose of receiving testimony and cross-examination of all testimony will commence at 9 a.m. on August 16, 2002, in the Board's hearing room at 350 East Maple Street, Des Moines, Iowa. Parties shall appear at the hearing one-half hour prior to the time of hearing to mark exhibits. Persons with disabilities requiring assistive services or devices to observe or participate should contact the Board at 515-281-5256 to request that appropriate arrangements be made.
 - d. Any party desiring to file a brief may do so on or before August 26, 2002.
2. In the absence of objection, all workpapers shall become a part of the evidentiary record at the time the related testimony and exhibits are entered in the record.
3. In the absence of objection, all data requests and responses referred to in oral testimony or cross-examination, which have not previously been filed with

the Board, shall become a part of the evidentiary record. The party making reference to the data request or response shall file an original and six copies at the earliest possible time.

4. In the absence of objection, if the Board calls for further evidence on any issue and that evidence is filed after the close of hearing, the evidentiary record shall be reopened and the evidence will become a part of the evidentiary record five days after filing. All evidence filed pursuant to this paragraph shall be filed no later than seven days after the close of hearing.

5. Pursuant to 199 IAC 7.7(2) and (11), the time for filing responses or objections to data requests and motions will be shortened to five days from the date the motion is filed or the data request is served. All data requests and motions should be served by facsimile transfer or by electronic mail, in addition to United States mail.

UTILITIES BOARD

/s/ Diane Munns

/s/ Mark O. Lambert

ATTEST:

/s/ Judi K. Cooper
Executive Secretary

/s/ Elliott Smith

Dated at Des Moines, Iowa, this 12th day of July, 2002.